

Cautiously heading into 2024

Loihde's Q4 came with no larger P&L surprises. Expectations for 2024 are slightly more conservative than we previously estimated but margin improvement potential remains on the weaker comparison figures.

Q4 quite in line with expectations

Loihde's net sales came in line with our expectations, with net sales growing by 3% to EUR 37.3m (Evli: 37.3m). The growth was driven by Security Solutions, up 5% y/y to EUR 26.7m (Evli: 26.8m), while net sales in Digital Development declined by 2% to EUR 10.4m (Evli EUR 10.6m). The adj. EBITDA came in below our expectations, at EUR 3.8m (Evli: EUR 4.4m), largely driven by an EUR 0.4m write-down of receivables. The guidance was in our view arguably on the softer side, with revenue expected to be on par with 2023 or grow and the adjusted EBITDA to improve from 2023. The BoD proposes a dividend of EUR 1.0 per share (Evli EUR 0.15), in our view likely the last exceptionally high dividend compared with financial performance.

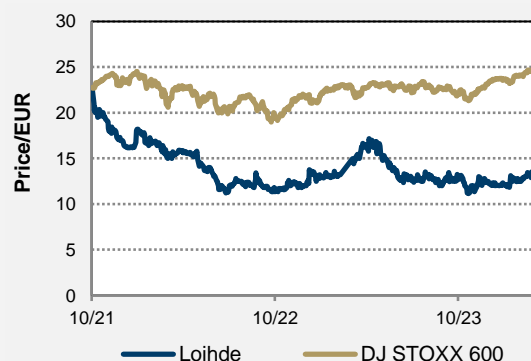
Fairly modest expectations for 2024

With the guidance and market situation providing limited signs of growth, along with growth in the cost base in comparable terms due to wage inflation, the expectations for 2024 appear moderate at best. We still expect a notable improvement in profitability due to weaker comparison figures and slight growth (2024e: 2.8%) but our 2024e EBITDA-margin estimate of 7% still lags clearly behind the long-term target of 15% (by 2027). While H1 will likely remain somewhat on the softer side, we assess that with a more likely improvement in the demand situation, as opposed to further degradation, as well as internal strategic work and shift in operating models, growth should be more favourable during H2.

HOLD with a target price of EUR 11.5 (ex-div)

Although upside potential remains quite considerable on the long-term targets, with the elevated current multiples and assessed improvement pace valuation in our view remains on relatively fair levels. We adjust our TP to EUR 11.5 (ex-div, prev. EUR 12.3) and retain our HOLD-rating.

Rating 🟡 HOLD



Share price, EUR (Last trading day's closing price) 13.50

Target price, EUR 11.5

Latest change in recommendation 17-Nov-23

Latest report on company 10-Mar-23

Research paid by issuer: YES

No. of shares outstanding, '000's 5,752

No. of shares fully diluted, '000's 5,752

Market cap, EURm 78

Free float, % -

Exchange rate 0.000

Reuters code LOIHDE.HE

Bloomberg code LOIHDE FH

Average daily volume, EURm -

Next interim report 30-Apr-24

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🟢 BUY 🟡 HOLD 🔴 SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2022	123.0	6.4	5.2%	-6.3	0.54	3,700.4	0.5	9.7	-8.5	0.80
2023	132.7	-0.9	-0.7%	5.2	-0.11	247.5	0.5	-74.5	7.6	2.00
2024E	136.4	1.8	1.3%	-0.3	0.31	44.1	0.6	48.4	-0.4	0.15
2025E	142.9	2.9	2.0%	-0.1	0.35	38.2	0.6	30.3	-0.1	0.18
2026E	149.6	3.7	2.5%	2.6	0.46	29.1	0.6	23.4	3.3	0.23
Market cap, EURm			78	Gearing 2024E, %		10.6	CAGR EPS 2023-26, %			111.9
Net debt 2024E, EURm			10	Price/book 2024E		0.9	CAGR sales 2023-26, %			4.1
Enterprise value, EURm			87	Dividend yield 2024E, %		1.1	ROE 2024E, %			1.8
Total assets 2024E, EURm			144	Tax rate 2024E, %		20.0	ROCE 2024E, %			1.6
Goodwill 2024E, EURm			64	Equity ratio 2024E, %		63.3	PEG, P/E 24/CAGR			0.8

All the important disclosures can be found on the last pages of this report.

ESTIMATES	2021	2022	Q1'23	Q2'23	Q3'23	Q4'23	2023	Q1'24E	Q2'24E	Q3'24E	Q4'24E	2024E	2025E
Net sales	104.4	123.0	31.3	34.2	29.9	37.3	132.6	31.8	34.9	30.9	38.8	136.4	142.9
Security Solutions	69.3	82.5	20.2	24.1	21.4	26.7	92.4	20.6	24.7	22.2	28.0	95.5	100.8
Digital Development	35.5	40.8	11.1	10.1	8.5	10.4	40.1	11.2	10.2	8.7	10.8	40.9	42.1
Adj. EBITDA	7.2	10.3	-0.1	1.0	2.9	3.8	7.6	0.5	1.9	2.6	4.6	9.6	11.0
Adj. EBIT	0.8	3.3	-1.9	-0.9	1.0	1.8	0.0	-1.5	-0.1	0.7	2.7	1.8	2.9
Net sales growth	-	17.8%	13.0%	14.9%	1.3%	3.4%	7.8%	1.8%	2.1%	3.2%	4.1%	2.8%	4.8%
Security Solutions	-	19.0%	22.2%	24.6%	1.4%	5.0%	12.0%	2.0%	2.4%	4.0%	4.9%	3.4%	5.5%
Digital Development	-	15.0%	-1.0%	-3.8%	-0.7%	0.0%	-1.8%	0.5%	1.1%	2.8%	3.7%	2.0%	3.0%
Adj. EBITDA margin	6.9%	8.4%	-0.4%	3.0%	9.7%	10.1%	5.7%	1.5%	5.3%	8.5%	12.0%	7.0%	7.7%
Adj. EBIT margin	0.7%	2.7%	-6.1%	-2.7%	3.4%	4.8%	0.0%	-4.7%	-0.2%	2.2%	6.9%	1.3%	2.0%

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	13.50 PV of Free Cash Flow	68 Long-term growth, %	1.5 Risk-free interest rate, %	2.50
DCF share value	26.06 PV of Horizon value	79 WACC, %	9.1 Market risk premium, %	6.3
Share price potential, %	93.0 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %	4.5
Maximum value	28.0 Marketable securities	12 Minimum WACC, %	8.6 Equity beta coefficient	1.15
Minimum value	24.4 Debt - dividend	-10 Maximum WACC, %	9.6 Target debt ratio, %	15
Horizon value, %	53.7 Value of stock	150 Nr of shares, Mn	5.8 Effective tax rate, %	20

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Horizon
Net sales	133	136	143	150	156	160	165	170	173	177	180	182
<i>Sales growth, %</i>	<i>7.9</i>	<i>2.8</i>	<i>4.8</i>	<i>4.7</i>	<i>4.0</i>	<i>3.0</i>	<i>3.0</i>	<i>3.0</i>	<i>2.0</i>	<i>2.0</i>	<i>1.5</i>	<i>1.5</i>
Operating income (EBIT)	-1	2	3	4	8	8	9	9	9	9	9	9
<i>Operating income margin, %</i>	<i>-0.7</i>	<i>1.3</i>	<i>2.0</i>	<i>2.5</i>	<i>5.2</i>	<i>5.2</i>	<i>5.2</i>	<i>5.2</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>	<i>5.0</i>
+ Depreciation+amort.	8	8	8	9	8	9	9	9	10	10	10	
EBITDA	7	10	11	12	17	17	18	18	18	19	19	
- Paid taxes	-1	0	-1	-1	-2	-2	-2	-2	-2	-2	-2	
- Change in NWC	-4	-1	-1	-1	0	0	0	0	0	0	0	
<i>NWC / Sales, %</i>	<i>10.5</i>	<i>10.7</i>	<i>10.5</i>	<i>10.4</i>	<i>10.3</i>	<i>10.2</i>	<i>10.2</i>	<i>10.1</i>	<i>10.1</i>	<i>10.0</i>	<i>10.0</i>	
+ Change in other liabs	-6	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	4	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	
<i>opCAPEX / Sales, %</i>	<i>2.0</i>	<i>6.8</i>	<i>6.7</i>	<i>5.6</i>	<i>5.9</i>	<i>5.9</i>	<i>5.9</i>	<i>5.9</i>	<i>5.8</i>	<i>5.8</i>	<i>5.7</i>	
- Acquisitions	-2	0	0	0	0	0	0	0	0	0	0	
+ Divestments	8	0	0	0	0	0	0	0	0	0	0	
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= FCFF	6	6	7	8	12	12	13	13	13	14	14	186
= Discounted FCFF		5	6	7	8	8	8	7	7	6	6	79
= DFCF min WACC		5	6	7	8	8	8	7	7	7	6	89
= DFCF max WACC		5	6	7	8	8	7	7	6	6	6	71

INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1E	2024Q2E	2024Q3E	2024Q4E	2024E	2025E	2026E
Net sales	31.3	34.2	29.9	37.3	132.7	31.8	34.9	30.9	38.8	136.4	142.9	149.6
EBITDA	-0.4	0.8	2.8	3.5	6.7	0.5	1.9	2.6	4.6	9.6	10.9	12.5
<i>EBITDA margin (%)</i>	<i>-1.3</i>	<i>2.4</i>	<i>9.2</i>	<i>9.4</i>	<i>5.0</i>	<i>1.5</i>	<i>5.3</i>	<i>8.5</i>	<i>12.0</i>	<i>7.0</i>	<i>7.6</i>	<i>8.3</i>
EBIT	-2.2	-1.1	0.9	1.5	-0.9	-1.5	-0.1	0.7	2.7	1.8	2.9	3.7
<i>EBIT margin (%)</i>	<i>-7.0</i>	<i>-3.2</i>	<i>2.9</i>	<i>4.1</i>	<i>-0.7</i>	<i>-4.7</i>	<i>-0.2</i>	<i>2.2</i>	<i>6.9</i>	<i>1.3</i>	<i>2.0</i>	<i>2.5</i>
Net financial items	-0.2	0.6	-0.2	0.3	0.4	0.1	0.1	0.1	0.1	0.4	-0.4	-0.4
Pre-tax profit	-2.4	-0.5	0.6	1.8	-0.5	-1.4	0.0	0.8	2.8	2.2	2.5	3.3
Tax	0.4	-0.5	-0.2	0.3	-0.1	0.3	0.0	-0.2	-0.6	-0.4	-0.5	-0.7
<i>Tax rate (%)</i>	<i>15.4</i>	<i>-99.3</i>	<i>37.0</i>	<i>-16.0</i>	<i>-22.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>	<i>20.0</i>
Net profit	-2.0	-1.1	0.4	2.1	-0.6	-1.1	0.0	0.6	2.2	1.8	2.0	2.7
EPS	-0.35	-0.19	0.07	0.36	-0.11	-0.19	0.00	0.11	0.39	0.31	0.35	0.46
EPS adjusted (diluted no. of shares)	-0.30	-0.15	0.10	0.41	0.05	-0.19	0.00	0.11	0.39	0.31	0.35	0.46
Dividend per share	0.00	0.00	0.00	0.00	2.00	0.00	0.00	0.00	0.00	0.15	0.18	0.23
SALES, EURm												
Security Solutions	20.2	24.1	21.4	26.7	92.4	20.6	24.7	22.2	28.0	95.5	100.8	105.8
Digital Development	11.1	10.1	8.5	10.4	40.1	11.2	10.2	8.7	10.8	40.9	42.1	43.8
Others	-0.1	0.0	0.1	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	31.3	34.2	29.9	37.3	132.7	31.8	34.9	30.9	38.8	136.4	142.9	149.6
SALES GROWTH, Y/Y %												
<i>Security Solutions</i>	<i>22.2</i>	<i>24.6</i>	<i>1.4</i>	<i>4.7</i>	<i>12.0</i>	<i>2.0</i>	<i>2.4</i>	<i>4.0</i>	<i>4.9</i>	<i>3.4</i>	<i>5.5</i>	<i>5.0</i>
<i>Digital Development</i>	<i>-1.0</i>	<i>-3.8</i>	<i>-0.7</i>	<i>-1.6</i>	<i>-1.8</i>	<i>0.5</i>	<i>1.1</i>	<i>2.8</i>	<i>3.7</i>	<i>2.0</i>	<i>3.0</i>	<i>4.0</i>
<i>Others</i>	<i>-34.8</i>	<i>-69.2</i>	<i>-405.1</i>	<i>-747.1</i>	<i>-170.2</i>	<i>-100.1</i>	<i>-100.3</i>	<i>-99.9</i>	<i>-100.0</i>	<i>-99.8</i>	<i>0.0</i>	<i>0.0</i>
Total	13.0	14.9	1.3	3.6	7.9	1.8	2.1	3.2	3.9	2.8	4.8	4.7
EBIT, EURm												
Security Solutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.7
Group	-2.2	-1.1	0.9	1.5	-0.9	-1.5	-0.1	0.7	2.7	1.8	2.9	0.0
Total	-2.2	-1.1	0.9	1.5	-0.9	-1.5	-0.1	0.7	2.7	1.8	2.9	3.7
EBIT margin, %												
<i>Security Solutions</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>3.5</i>
<i>Group</i>						<i>-84,320.0</i>						<i>0.0</i>
Total	-7.0	-3.2	2.9	4.1	-0.7	-4.7	-0.2	2.2	6.9	1.3	2.0	2.5

INCOME STATEMENT, EURm	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	103.1	106.8	104.4	123.0	132.7	136.4	142.9	149.6
<i>Sales growth (%)</i>	-1.7	3.6	-2.3	17.8	7.9	2.8	4.8	4.7
EBITDA	5.6	5.6	5.6	13.3	6.7	9.6	10.9	12.5
<i>EBITDA margin (%)</i>	5.4	5.2	5.4	10.8	5.0	7.0	7.6	8.3
Depreciation	-10.8	-9.4	-6.5	-6.9	-7.6	-7.8	-8.0	-8.8
EBITA	-5.2	-3.8	-0.9	6.4	-0.9	1.8	2.9	3.7
Goodwill amortization / writedown	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-5.2	-3.8	-0.9	6.4	-0.9	1.8	2.9	3.7
<i>EBIT margin (%)</i>	-5.0	-3.6	-0.8	5.2	-0.7	1.3	2.0	2.5
Reported EBIT	-5.2	-3.8	5.6	6.7	-0.9	1.8	2.9	3.7
<i>EBIT margin (reported) (%)</i>	-5.0	-3.6	5.3	5.4	-0.7	1.3	2.0	2.5
Net financials	20.8	0.8	1.1	-2.3	0.4	0.4	-0.4	-0.4
Pre-tax profit	15.6	-3.1	0.2	4.1	-0.5	2.2	2.5	3.3
Taxes	-4.5	-0.9	0.2	-1.0	-0.1	-0.4	-0.5	-0.7
Minority shares	-0.2	-0.2	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	10.9	-4.2	6.9	3.4	-0.6	1.8	2.0	2.7
Cash NRIs	0.0	0.0	6.4	0.3	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BALANCE SHEET, EURm								
Assets								
Fixed assets	11	11	11	10	10	11	11	11
Goodwill	48	45	53	63	64	64	64	64
Right of use assets	0	7	8	8	10	11	12	11
Inventory	6	7	7	10	12	12	13	14
Receivables	37	28	41	36	35	36	38	39
Liquid funds	52	48	24	21	12	8	9	9
Total assets	153	146	146	151	145	144	148	150
Liabilities								
Shareholder's equity	118	111	110	111	101	91	92	94
Minority interest	1	0	0	0	0	0	0	0
Convertibles	0	0	0	0	0	0	0	0
Lease liabilities	0	7	8	9	10	11	13	12
Deferred taxes	0	0	1	0	0	0	0	0
Interest bearing debt	6	0	0	0	0	7	7	6
Non-interest bearing current liabilities	27	26	26	29	34	34	36	37
Other interest-free debt	0	2	1	1	0	0	0	0
Total liabilities	153	146	146	151	145	144	148	150
CASH FLOW, EURm								
+ EBITDA	6	6	6	13	7	10	11	12
- Net financial items	-9	-16	-7	-3	-9	0	0	0
- Taxes	-4	-4	0	-1	-1	0	-1	-1
- Increase in Net Working Capital	3	0	1	-4	-4	-1	-1	-1
+/- Other	29	16	7	0	9	0	0	0
= Cash flow from operations	25	2	7	5	2	9	10	11
- Capex	-2	-2	-6	-2	-3	-9	-10	-8
- Acquisitions	0	0	-10	-11	-2	0	0	0
+ Divestments	0	0	6	1	8	0	0	0
= Free cash flow	23	0	-4	-6	5	0	0	3
+/- New issues/buybacks	2	6	7	2	-5	0	0	0
- Paid dividend	-10	-10	-15	-3	-5	-12	-1	-1
+/- Other	-14	0	-11	5	-4	8	1	-1
Change in cash	2	-4	-23	-3	-9	-4	0	0

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	0	96	74	69	78	78	78
Net debt (excl. convertibles)	-41	-16	-12	-2	10	11	9
Enterprise value	-41	80	62	67	87	88	87
Sales	107	104	123	133	136	143	150
EBITDA	6	6	13	7	10	11	12
EBIT	-4	-1	6	-1	2	3	4
Pre-tax	-3	0	4	-1	2	3	3
Earnings	-4	0	3	-1	2	2	3
Equity book value (excl. minorities)	111	110	111	101	91	92	94
Valuation multiples							
EV/sales	-0.4	0.8	0.5	0.5	0.6	0.6	0.6
EV/EBITDA	-7.3	14.3	4.6	10.1	9.1	8.1	7.0
EV/EBITA	10.7	-90.8	9.7	-74.5	48.4	30.3	23.4
EV/EBIT	10.7	-90.8	9.7	-74.5	48.4	30.3	23.4
EV/OCF	-25.1	12.0	12.2	35.3	9.8	9.3	8.0
EV/FCFF	25.1	11.2	10.7	11.8	14.9	12.2	10.2
P/FCFE	0.0	-23.1	-11.7	13.2	-247.0	-1,240.1	30.2
P/E	0.0	45.1	3,700.4	247.5	44.1	38.2	29.1
P/B	0.0	0.9	0.7	0.7	0.9	0.8	0.8
Target EV/EBITDA	0.0	0.0	0.0	0.0	7.9	7.0	6.0
Target EV/EBIT	0.0	0.0	0.0	0.0	42.1	26.4	20.3
Target EV/FCF	0.0	0.0	0.0	0.0	-241.2	-1,225.8	29.2
Target P/B	0.0	0.0	0.0	0.0	0.7	0.7	0.7
Target P/E	0.0	0.0	0.0	0.0	37.5	32.6	24.8
Per share measures							
Number of shares	5,684	5,930	5,628	5,752	5,752	5,752	5,752
Number of shares (diluted)	5,684	5,930	5,628	5,752	5,752	5,752	5,752
EPS	-0.73	0.08	0.54	-0.11	0.31	0.35	0.46
Operating cash flow per share	0.29	1.12	0.90	0.33	1.55	1.66	1.90
Free cash flow per share	-0.05	-0.70	-1.12	0.91	-0.05	-0.01	0.45
Book value per share	19.46	18.48	19.78	17.52	15.83	16.03	16.31
Dividend per share	2.70	0.55	0.80	2.00	0.15	0.18	0.23
Dividend payout ratio, %	-369.0	675.2	147.7	-1,855.5	50.0	50.0	50.0
Dividend yield, %	0.0	3.4	6.1	14.8	1.1	1.3	1.7
FCF yield, %	0.0	-4.3	-8.5	7.6	-0.4	-0.1	3.3
Efficiency measures							
ROE	-3.6	0.4	2.8	-0.6	1.8	2.2	2.9
ROCE	-3.2	-0.7	5.4	-0.8	1.6	2.6	3.3
Financial ratios							
Inventories as % of sales	6.2	7.0	8.4	9.1	9.1	9.1	9.1
Receivables as % of sales	25.9	39.4	29.3	26.7	26.6	26.4	26.3
Non-interest bearing liabilities as % of sales	24.4	25.2	23.9	25.3	25.0	25.0	25.0
NWC/sales, %	6.8	21.2	13.8	10.5	10.7	10.5	10.4
Operative CAPEX/sales, %	1.8	6.1	1.3	2.0	6.8	6.7	5.6
CAPEX/sales (incl. acquisitions), %	1.8	-3.6	-7.5	0.4	6.8	6.7	5.6
FCFF/EBITDA	-0.3	1.3	0.4	0.9	0.6	0.7	0.7
Net debt/EBITDA, book-weighted	-7.3	-2.9	-0.9	-0.3	1.0	1.0	0.7
Debt/equity, market-weighted	0.0	0.0	0.0	0.0	0.1	0.1	0.1
Equity ratio, book-weighted	75.8	74.9	73.8	69.3	63.3	62.3	62.5
Gearing, %	-37.1	-14.6	-11.1	-2.1	10.6	11.5	9.6

COMPANY DESCRIPTION: Loihde is a service provider, specializing in comprehensive security and IT services. The company engages in agile digital IT-services, such as digital strategy consultancy, data solutions and analytics, AI, software development and service design. Loihde focuses on high-tier security technologies both in its physical and digital security services. The company employs over 800 persons.

INVESTMENT CASE: Loihde has gone through notable organizational changes and has now placed its focus on growing its topline and improving its profitability. With further integrating its back-office and administrative function, additional cost savings are likely to materialize. Margins should also see further expansion with the increased share of digital security and IT-services. Loihde's large net cash position enables the company to further speed up its growth with M&A activities. The company operates in prolific markets with the underlying markets grow at high-single-digit figures by several megatrends supporting the underlying market development.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Suomen Teollisuussijoitus Oy	275,000	3.712	4.8%
Bellurum Oy	210,576	2.843	3.7%
Lakiasiaintoimisto Asiakasturva Oy	128,374	1.733	2.2%
VISIO Allocator Fund	100,000	1.350	1.7%
Tenendum Oy	76,348	1.031	1.3%
LähiTapiola Mutual Life Insurance Company	75,000	1.013	1.3%
LähiTapiola Mutual Insurance Company	75,000	1.013	1.3%
City of Vaasa	70,400	0.950	1.2%
Pelkonen Antti	68,480	0.924	1.2%
Hotcom Oy	67,700	0.914	1.2%
Ten largest	1,146,878	15.483	20%
Residual	4,605,236	62.171	80%
Total	5,752,114	77.654	100%

EARNINGS CALENDAR

April 30, 2024	Q1 report
August 27, 2024	Q2 report
October 30, 2024	Q3 report

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Samu Konttinen	Silmukkatie 6, 65100 Vaasa
CFO: Pirjo Suhonen	Tel: +358 10 273 2300
IR: Tiina Nieminen	

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX/sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed/Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth per year

<p>ROE, %</p> $\frac{\text{Profit before extraordinary items and taxes - income taxes}}{\text{Shareholder's equity + minority interest + taxed provisions (average)}}$	
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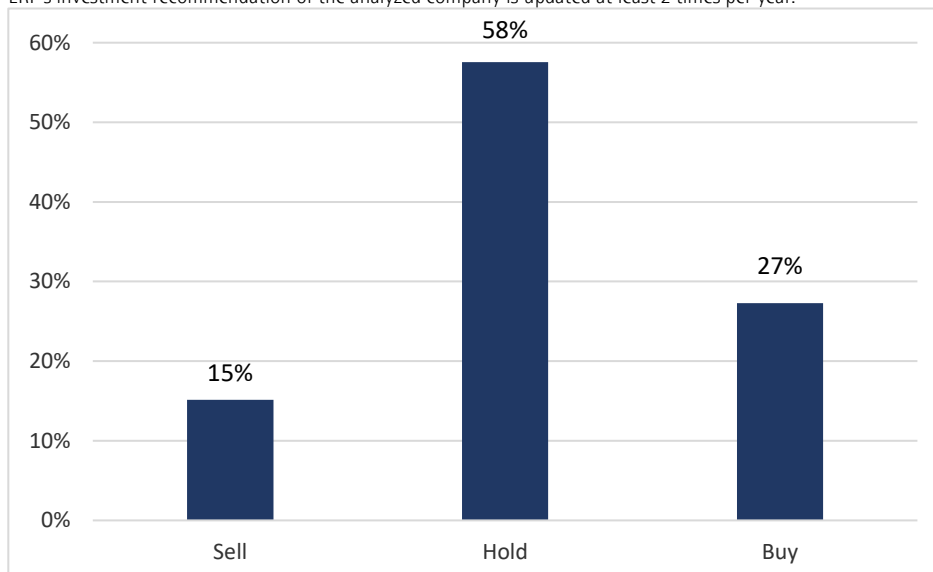
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage in 11th of May 2020. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Salokivi

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